



Governmental Affairs Committee Meeting: *Short Term Rental Enforcement*

City of New Orleans

August 29, 2019

Contents

- I. Current STR Enforcement Efforts and Quality of Life Spending
- II. Updated - STR Enforcement Efforts



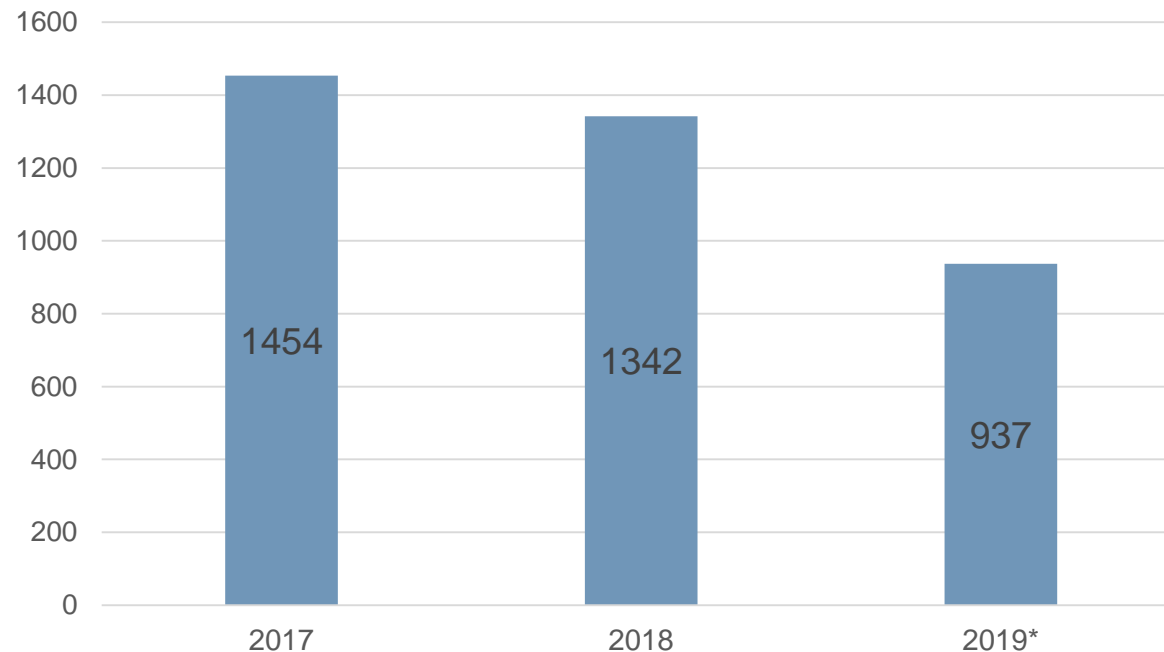
1

Current STR Enforcement Efforts

Current Direct STR Enforcement Efforts

In the last 3 years, Safety and Permits has adjudicated cases that touch approximately 20% of all short term rental listings, both legal and illegal

STR Cases by Year



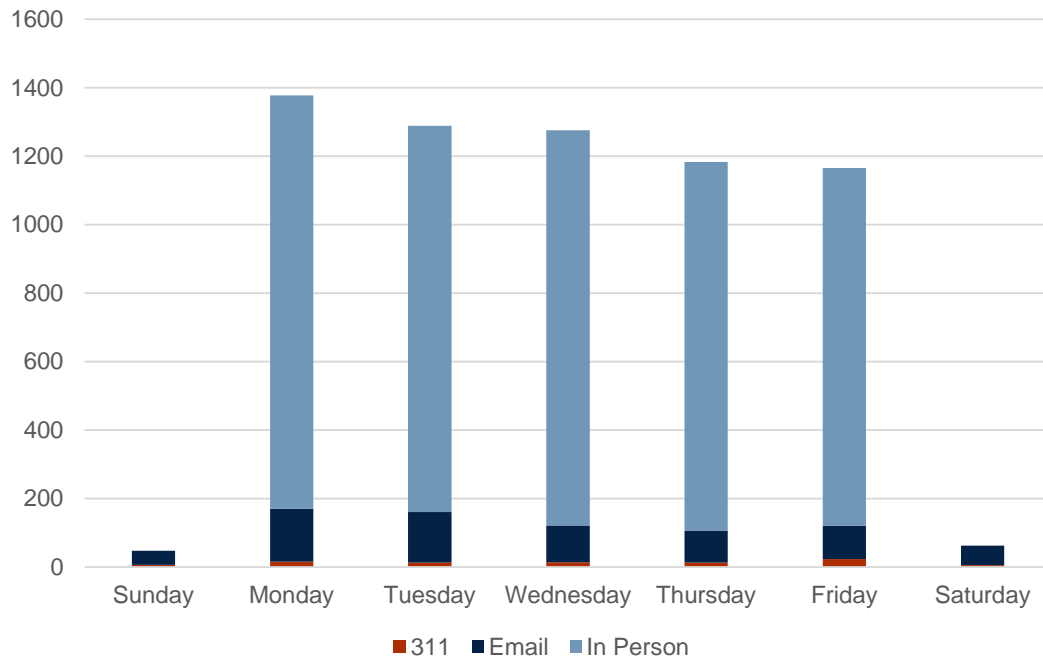
Status	2017	2018	2019*
Investigation	114	340	353
Adjudication Pending	178	229	235
Adjudicated	239	173	46
Closed in Compliance	891	588	300
Case Review	32	12	3

*YTD through Aug 15

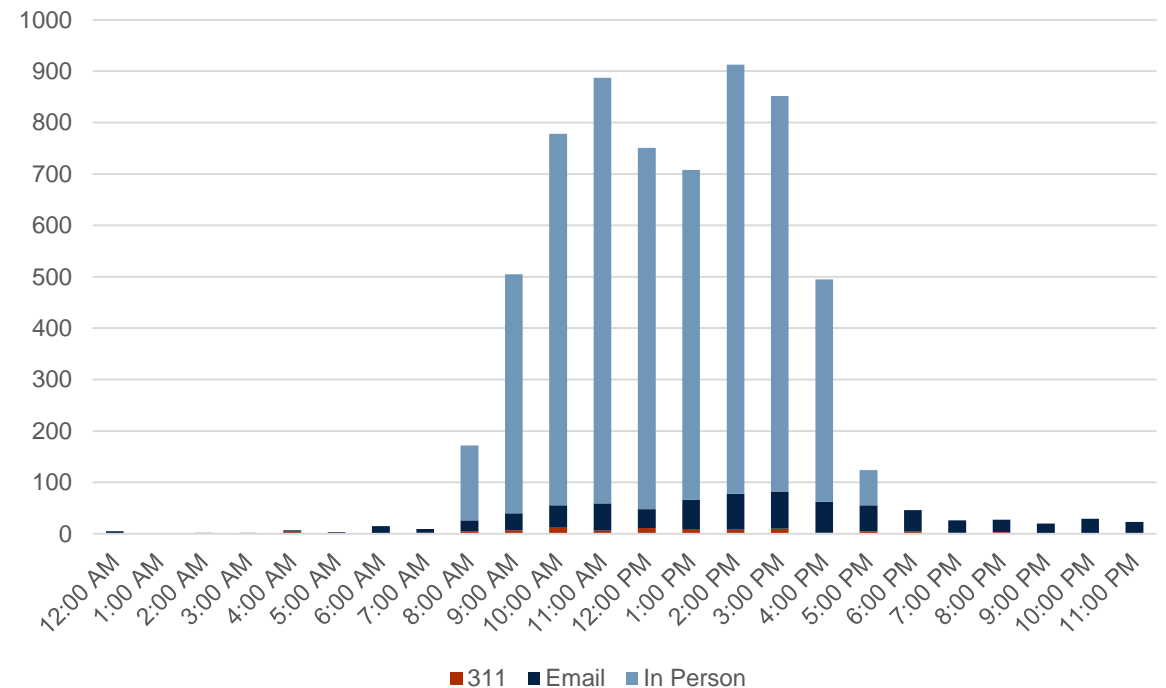
Current Direct STR Enforcement Efforts (cont'd)

As part of Council's request (R-19-7) to examine STR enforcement efficiencies, the Administration explored the need for 24/7 staff to respond to complaints

Average Contact per Day of Week



Average Hourly STR Contacts



Other STR Enforcement Efforts

Beyond direct costs, multiple agencies provide support STR licensing and enforcement efforts

Examples:

- Neighborhood Engagement will continue to exist as a point of access for bringing complaints to the City's attention
- Public Safety agencies will respond to disruptive and suspicious activity at STR units
- Legislation and rules involve Council, Mayor, CAO, CPC, etc.
- Physical location for enforcement includes property management

Quality of Life Fund Disbursement

The state collects and appropriates the funds and enters into a CEA with the City for disbursement

	State Appropriation	CEA	Drawn
One-time (fund balance)	\$2.0M	\$2.0M	\$2.0M
Recurring SFY 18/19	\$6.2M	\$6.2M	\$4.1M + <i>pending</i>
Recurring SFY 19/20	\$4.3M	<i>pending</i>	<i>pending</i>

Quality of Life Spending

The City submits documentation to State Treasury to draw down the QoL funds as reimbursement

Short Term Rental Code Enforcement Costs (\$)

Estimated

PERSONAL SERVICES

Salaries	2,500,000	2,500,000
Related Benefits	750,000	750,000
TOTAL PERSONAL SERVICES	3,250,000	3,250,000

OTHER OPERATING

CEA 1 (\$2M)

CEA 2 (\$4.3M)

Travel	7,461	9,035
Advertising	3,169	333
Printing	40,143	34,644
Insurance	196,243	204,248
Maintenance of Equipment	304,926	733,339
Maintenance of Office and Grounds	949,433	1,866,515
Rentals	107,606	70,932
Software Licensing	13,458	
Dues and Subscriptions	3,758	4,378
Telephone and Internet Services	84	16
Postage	20,249	5,921
Utilities	233,845	697,893
Other	2,748	388,819
Office Supplies	32,026	45,447
Acquisitions and Major Repairs	91,179	65,690
TOTAL OTHER OPERATING	2,006,329	4,127,210

TOTAL

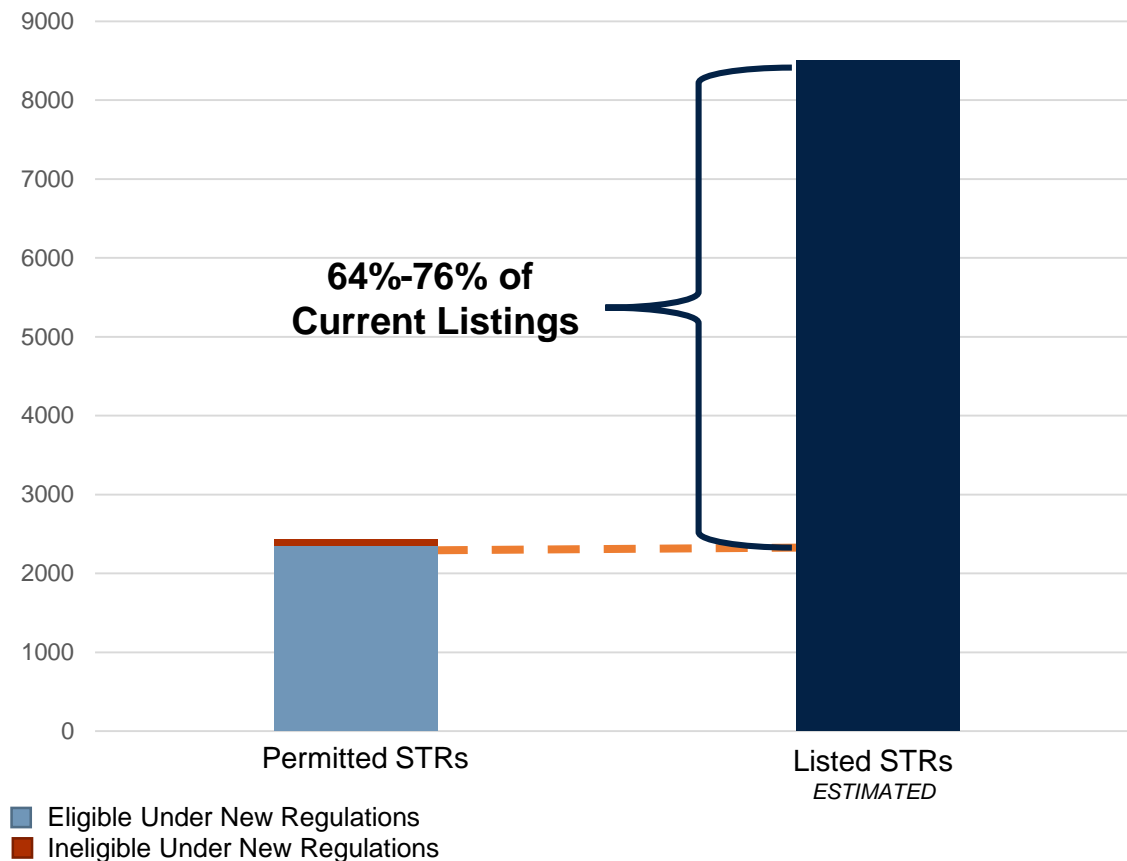
Personal Services	3,250,000	3,250,000
Other Operating	2,006,329	4,127,210
TOTAL COST	5,256,329	7,377,210

Agency Expense Assumptions

CEA Percentage	Agency Name
2.5%	CLERK OF CRIMINAL DIST COURT
	FIRE
	MISCELLANEOUS
	POLICE
6.1%	REGISTRAR OF VOTERS
	CHIEF ADMINISTRATIVE OFFICE
	CITY PLANNING COMMISSION
	CIVIL SERVICE
	COUNCIL
	HEALTH
	HISTORIC DIST LANDMARKS COMM.
	LAW
	MAYOR
	OFFICE OF INSPECTOR GENERAL
	PROPERTY MANAGEMENT
	PUBLIC WORKS
	SANITATION
	VIEUX CARRE COMMISSION
12.2%	FINANCE
21.1%	SAFETY & PERMITS

Potential Revenue Implications

Changes to STR regulations will have an impact on the revenue the City receives from STR sales taxes



Ineligible Units

25%

50%

75%

Estimated Revenue Reduction*

(\$2.55M)

(\$5.1M)

(\$7.65M)

** Depends on occupancy and rental rates of ineligible units which cannot be determined; Assumes all units have the same rates*

- The revenue loss could change depending on which units will no longer remit sales tax.
- The decrease in revenue would be offset by any net increases in STR permit fees for use in the City's general fund



2

Updated - STR Enforcement Efforts

Updated STR Enforcement Efforts

Additional STR enforcement efforts are being explored across multiple departments and will be implemented in at least two phases

Phase I - Key Functions

- Oversee hearings, appeals, case-prep, and craft related procedures and policy
- Ensure compliance with safe harbor provisions
- Conduct additional audits and tax collection enforcement

Phase II - Key Functions

- Provide support for hearings, appeals, case-prep, and craft related procedures and policy
- Conduct investigations of illegal listings
- Conduct additional audits and tax collection enforcement